RV BUSINESS

JULY 17, 1989

C-89450-2

Bush Speaks On Outdoors At RV Rally

President George Bush reaffirmed his commitment to an array of environmental issues and conservation-minded constituents June 21 by helicoptering into the Virginia State Fairgrounds for a brief evening talk before hundreds of motorhome enthusiasts at the Family Motor Coach Association (FMCA) spring convention held in Richmond, Va.

While applauding the wanderlust and self-reliant nature of his audience, Bush, flanked by two Class A motorhomes and a contingent of Secret Service agents, told a grandstand full of red-jacketed FMCA members and RV-industry officials that "it's time to renew the environmental ethic in America ... and adopt a new sense of restoration" toward the natural world." In so doing, he urged support for recent Bush administration initiatives targeting public-land acquisitions and clean air.

"The natural beauty that you and I enjoy today is a sacred trust," said Bush. "So, we must do more than simply limit the damage that we've already done. We must work to preserve and restore the integrity and richness of this continent's natural splendor."

Bush, who also was in Virginia's state capital that Wednesday evening for a Republican fund-raiser, reminded the coach owners that he had proposed to Congress a $200 million-a-year increase for a 27-state, recreational land acquisition program handled through the National Park Service, the Fish and Wildlife Service, the Bureau of Land Management and the Forest Service.

The President drew hearty applause for his land-acquisition proposal, as well as for his comments on the Scenic Byways program in which American RV industry factions have played a leadership role. The program calls for the identification and preservation of key secondary roads for the enjoyment of highway travelers.

"I want to preserve our scenic byways, those picturesque roads that offer powerful views of the nation's natural splendor," said Bush. "These are the roads that Americans love, and such scenic roads can and should be designated for the enjoyment and convenience of travelers. We've already designated 43 National Forest Service byways in 25 states, and the chief of the Forest Service expects to set aside many more. By the end of this week, the Bureau of Land Management expects to identify about 25 new back-country byways ... nationwide. And, we will do more."

Bush then reiterated his stands on voluntarism, wetlands protection and Clean Air Act reforms that he had introduced only 10 days prior to the Richmond speech. As part of the proposed Clean Air Act reform, Bush is seeking a "75% cut in all categories of airborne industrial toxic chemicals by the end of the century."

Singled out for praise in the chief executive's brief speech was American Recreation Coalition (ARC) President Derrick A. Crandall, whose organization, representing myriad recreational interests, has spear-

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COVER PHOTO: ROBIN LAYTON

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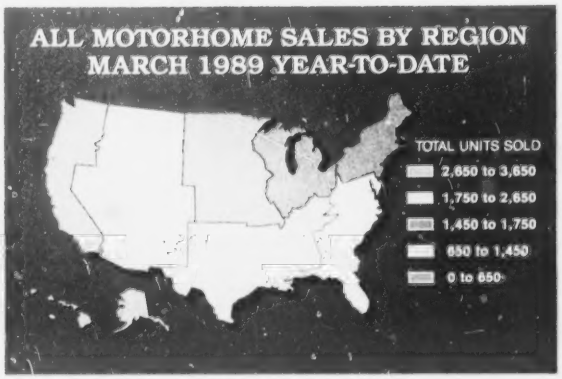
MARCH SALES TAKE A DOWNWARD TURN

THOMAS WALWORTH



East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

In March, both the RV-trailer and motorhome sides of the industry experienced a correction in the market.

RV-trailer retail sales nationally were down 4.7% in March compared with March of last year and down 2.35% for the first quarter compared with 1988. The motorhome market, meanwhile, fell 14% in March compared with the same month in 1988 and dropped 8.6% for the first quarter compared with the first three months of last year.

These percentages appeared to put the industry in a down position, but, in reality, the RV-trailer market was off by a total of only 524 units for the year-to-date, while motorhome sales fell by 1,084 units compared with their 1988 first-quarter pace. These were not severe declines when spread out over the number of manufacturers in both industries, although these retail numbers should cause concern on the part of both trailer and motorhome manufacturers.

Also, despite the downward movement nationally, there were some strong regional markets in March.

For example, Figure 1 shows the ranking of regions by the percentage change in RV-trailer sales from March 1988. In the leading South Central region, Texas recorded the largest percentage gain in trailer sales from March of last year. Among the trailing West North Central states, North Dakota experienced the largest percentage decline compared with March 1988.

Figure 2 shows the ranking of regions by percentage gain in RV-trailer sales in the first quarter compared with the first quarter of last year. The South Central region led the list, with Tennessee reporting the largest positive gain in that region. In the bottom-ranked West North Central states, North Dakota again had the largest percentage decline in trailer sales for the year-to-date.

Figure 3 displays the regional rankings by percentage gain in motorhome sales compared with March 1988. At the top of the rankings came the West North Central region, and Kansas reported the largest percentage gain of that region's states. Among the lowest-ranked South Central states, Oklahoma experienced the largest percentage drop compared with 1988.

RV-TRAILER MARKET

Mar. '89 Rank	Region	% of Change From Mar. '88	Feb. '89 Rank
1	S. Central	20.10	6
2	Pacific	-3.19	5
3	S. Atlantic	-6.02	2
4	E.N. Central	-6.02	4
5	Northeast	-9.73	1
6	Mountain	-13.60	3
7	W.N. Central	-16.30	7

Figure 1

RV-TRAILER MARKET

Mar. '89 Rank	Region	% of Change Year-to-Date	Feb. '89 Rank
1	S. Central	8.84	3
2	Northeast	-0.28	1
3	E.N. Central	-2.90	5
4	Pacific	-4.70	7
5	S. Atlantic	-4.80	6
6	Mountain	-6.03	2
7	W.N. Central	-9.30	4

Figure 2

MOTORHOME MARKET

Mar. '89 Rank	Region	% of Change From Mar. '88	Feb. '89 Rank
1	W.N. Central	-0.69	5
2	E.N. Central	-7.40	6
3	Northeast	-7.70	2
4	Pacific	-12.60	7
5	Mountain	-17.30	4
6	S. Atlantic	-21.80	3
7	S. Central	-27.60	1

Figure 3

MOTORHOME MARKET

Mar. '89 Rank	Region	% of Change Year-to-Date	Feb. '89 Rank
1	W.N. Central	5.18	1
2	E.N. Central	-0.22	3
3	Northeast	-2.34	5
4	Mountain	-3.65	2
5	S. Central	-10.93	4
6	S. Atlantic	-12.95	6
7	Pacific	-14.50	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

AT RETAIL *continued*

Figure 4 rounds out the motorhome picture with a regional ranking by percentage change in sales for the year-to-date. The West North Central region once more headed the rankings, with Kansas recording the largest percentage gain for the first quarter. The Pacific region lagged behind, with Washington state having the biggest percentage decline in motorhome sales for the first three months of 1989 compared with 1988.

There is no denying that the RV market was down nationwide in March, but there were some bright spots across the country. On a year-to-date basis, 19 states showed positive growth in RV-trailer sales year-to-date compared with the 1988 market, and 21 states recorded an increase in motorhome retail registrations compared with last year. In addition, some large-volume states that had been dormant in recent years came back to life in the first quarter of 1989.

Overall, we still look forward to a stronger market toward the end of 1989. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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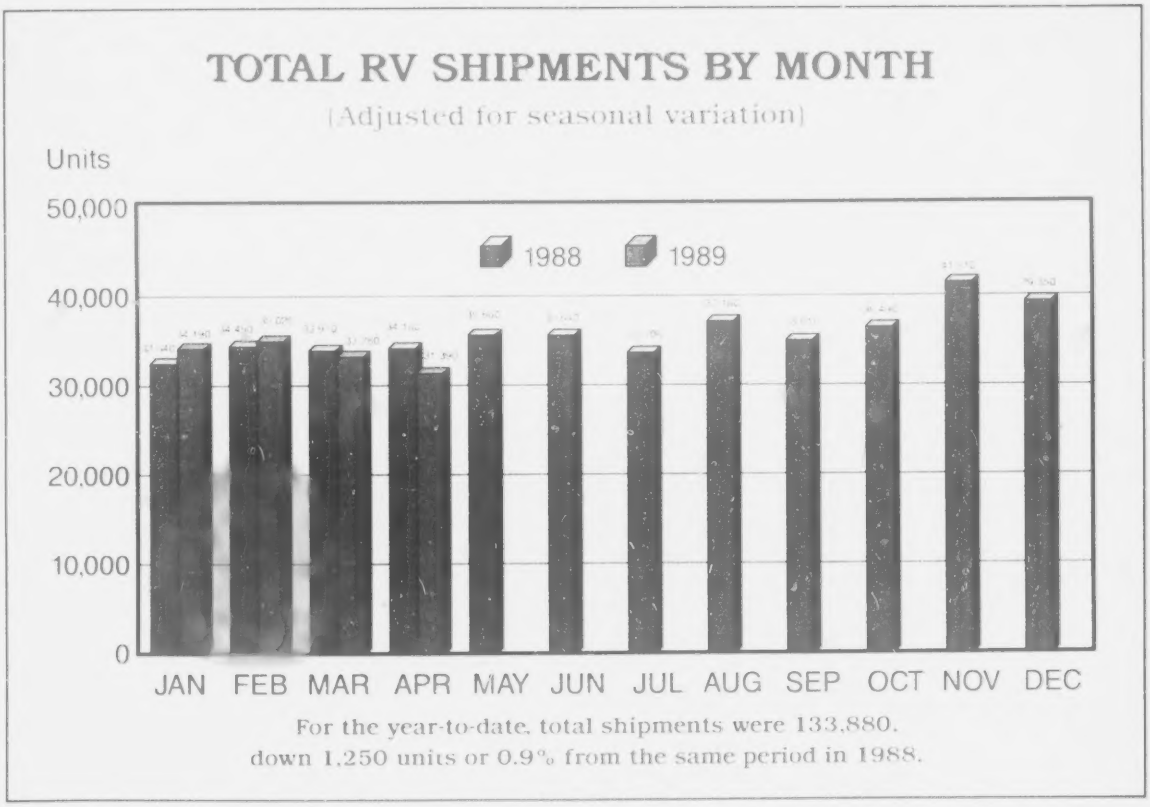

Figure 1

April begins with a cruel event: April Fools' Day. This is an occasion for mean-spirited jokes and elaborate hoaxes. Therefore, on the first day of April, we sit down with unusual care, open our mail with caution, pause before responding to startling news, and generally distrust friends and family alike.

Now it seems that an evil elf carried the joke too far this year in the RV industry. In April, total RV shipments hit their lowest point since October 1986. After adjustment for normal seasonal patterns, shipments of all units, including van conversions, totaled 31,390 units. *(See Figure 1.)* Not since the autumn of 1986 has the industry been at this level. No month in either 1987 or 1988 was as weak as April 1989.

April's low level of shipments marked the continuation of a general downward movement from the spectacular shipment levels of November 1988, when the industry moved 41,510 units. Thus, in a five-month span, total shipments have dropped by more than 10,000 units, or nearly 25%.

April shipments declined from March's level by nearly 2,000 units and fell short of last year's April tally by nearly 2,800 units. The year-to-date gains made in January and February of 1989 also were wiped out in April. As a result, at the end of the first four months, 1989 shipments were running 1,250 units (about 1%) behind the same period in 1988.

The Detailed View

Only two types of RVs showed any advance in April. Conventional travel trailers added 130 units (up 2.8%) compared with a month earlier, and low-profile Class C motorhomes did better than in March. All other types of RV units recorded a decline from the preceding month.

The uniformity of the April decline is worthy of note. *(See Figure 3.)* Towables, motorhomes and van conversions all declined by comparable percentages, with all drops either just above or just below 5.5%. Although individual percentage changes were wide-ranging, the major groups all had similar experiences.

Among the towables, the contrary, posi-

GRAPHICS: CUSTOM COLOR VISUAL

tive movement of conventional travel trailers offset the strong declines of fifth-wheels, folding camping trailers and truck campers. Class A units performed a similar, positive role for motorhomes; although Class A shipment did decline, they fell by only 2.3% and kept the motorhome group from an even more severe reaction. This strength among top-end units may prove to be the hidden positive among the April numbers.

Van conversions, meanwhile, continued to lead the industry in the month of April. For the year-to-date, van-conversion shipments totaled 2,400 units, or nearly 4% ahead of the pace in 1988.

In contrast, motorhomes and towables were down by a combined 3,600 units, or 5%. As a result, van conversions made up more than 48% of the total market, which placed their market share more than two full points ahead of 1988. *(See Figure 2.)* Because motorhomes dropped just 190 units below last year's level, their market share also rose.

Thus, the current problems of the RV market were basically realized in the decline of towables in April. And, that decline was concentrated in the folding camping trailer segment, whose slide represented 65% of the down volume of the towables group. In fact, if folding camping trailers had done just *half* as poorly during the first four months, the entire RV industry would have been even with the shipment level of last year.

Hence, the darkness suggested by our headline can be seen as a problem concentrated in, but not limited to, one particular segment of the entire industry.

The Impact of World Events

Looking ahead, the shipment figures for April could end up having less meaning for the overall direction of the RV industry this year than recent occurrences in the wider world.

Open elections in Poland, demonstrations and repression in China, more freedom of speech in the Soviet Union, the election of the European parliament, and the death of the Ayatollah Khomeini all have been printed on the front pages of our daily newspapers.

These events all increase uncertainty in the world, but the death of Khomeini is perhaps the most significant in the short run because it can bring about major changes in the price and availability of petroleum products.

If Iran becomes unstable, there could be interruptions in the flow of petroleum products throught the Persian Gulf. Iran itself is a significant producer, particularly for the Japanese economy. There are many possible outcomes. There could be a sustained power struggle accompanied by conflict and rebellion within Iran. Renewed fighting between Iran and Iraq may seem senseless, but it is a conceivable result, either as a diversion for the Iranians or as a retaliatory act by an opportunistic Iraq. Or religious fundamentalism in other nations of the Mideast could be invigorated by the rise of secondary leaders who have been in the shadow of the politically and spiritually powerful Khomeini.

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.74	14.28
Park Models	2.01	1.90
Fifth-wheels	7.64	7.68
Folding Camping Trailers	8.75	10.40
Truck Campers	2.45	2.56
TOTAL TOWABLES	34.57	36.83
Motorhomes:		
Class A	9.67	9.78
Class B Van Campers	1.18	1.23
Class C:		
Minis	5.21	5.06
Low Profiles	0.47	0.48
Micro-minis	0.66	0.63
TOTAL MOTORHOMES	17.20	17.18
Multiuse Van Conversions	48.23	45.99

Percentages may not add to total because of rounding.

Figure 2

Any of these factors, or a combination of them, could reduce the flow of petroleum products and raise world prices. Speculators would then fan the flames, introducing increased instability in the petroleum market. Higher prices on the world spot-market would become higher prices at the pump within a week, and consumers would draw back.

In such circumstances, the U.S. Federal Reserve System and central banks of the leading nations would have to decide whether to accept the higher interest rates which accompany worldwide destabilization or to accommodate the inflationary forces of higher petroleum prices with a relaxed monetary policy, holding interest rates steady. Neither is a desirable course for the RV industry.

The interests of this industry are best served by exactly what seemed to be happening in Iran at presstime: a smooth transition of power with no public disturbances that suggest basic political instability.

If all goes well, petroleum prices will remain steady or perhaps decline as nations adhere more closely to the OPEC plan. Steady or falling petroleum prices keep inflationary forces in check, reduce the need for higher interest rates by the Federal Reserve, and benefit the RV buyer, dealer, supplier and manufacturer. Δ

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RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE OF UNITS	APR 1989	PERCENT CHANGE FROM MAR 1989	YEAR-TO-DATE 1989	1988	PERCENT CHANGE
Total RVs	31,390	-5.7	133,880	135,140	-0.9
Travel Trailers:					
Conventional	4,610	2.8	18,390	19,300	-4.7
Park Models	640	-1.8	2,680	2,570	4.4
Fifth-wheels	2,300	-11.3	10,230	10,380	-1.5
Folding Camping Trailers	2,490	-12.0	11,710	14,060	-16.7
Truck Campers	710	-14.8	3,270	3,460	-5.5
Motorhomes:					
Class A	3,120	-2.3	12,950	13,210	-2.0
Class B Van Campers	320	-35.4	1,590	1,660	-4.6
Class C:					
-Minis	1,660	-6.1	6,980	6,840	2.0
-Low Profiles	210	72.3	630	650	-2.2
-Micro-minis	210	-18.1	880	850	3.8
Multiuse Van Conversions	15,140	-5.8	64,570	62,360	8.9

Note: Data rounded to nearest 10 units.

Figure 3